

Department of Energy

Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

June 17, 2005

Honorable Magalie Roman Salas Office of the Secretary Federal Energy Regulatory Commission 888 First Street, NE Room 1A, East Washington, DC 20426

Re: Western Area Power Administration, FERC Docket No. NJ05-1-000

Dear Secretary Salas:

Enclosed for filing with the Federal Energy Regulatory Commission is an electronic filing of the attached document entitled "Western Area Power Administration's Motion for Leave to Answer and Answer to the Late Motion to Intervene and Protest of Calpine Corporation".

If you have any questions about this filing, please contact me at (720) 962-7021 or klinefel@wapa.gov.

Thank you for your assistance.

Sincerely,

Ronald J. Klinefelter

Attorney

Office of General Counsel

Enclosure

IN THE UNITED STATES OF AMERICA BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

United States Department of Energy)
Western Area Power Administration) Docket No. NJ05-1-000

WESTERN AREA POWER ADMINSTRATION'S MOTION FOR LEAVE TO ANSWER AND ANSWER TO THE LATE MOTION TO INTERVENE AND PROTEST OF CALPINE CORPORATION

I. Motion for Leave to Answer

The Western Area Power Administration (Western), a

Federal Power Marketing Administration of the United States

Department of Energy, hereby moves for leave to answer

Calpine Corporation's (Calpine) Motion for Leave to

Intervene Out-Of-Time and Protest. Through this motion,

Western requests a waiver of Rule 213 of the Rules and

Regulations as permitted pursuant to Rule 101 of the

Federal Energy Regulatory Commission's (Commission) Rules

and Regulations, 18 C.F.R. §§ 385.213 and 385.101.

On June 3, 2005 Calpine filed a Motion for Leave to Intervene Out-Of-Time and Protest in this proceeding. Good cause exists for waiver of Rule 213. Calpine has given no adequate explanation why it has filed its motion almost

four months beyond the comment date established by the Commission. Further, Calpine has made misstatements of fact in this proceeding that must be clarified so the Commission has an accurate record to review. The Commission has found good cause for waiving Rule 213 in similar circumstances. Southwest Power Pool, Inc., 109 FERC ¶ 61,009 (2004), Great Lakes Transmission Limited Partnership, 80 FERC ¶ 61,105 (1997).

For these reasons, Western requests the Commission grant this motion requesting a waiver of Rule 213, and accept for filing Western's Answer to Calpine's Motion for Leave to Intervene Out-Of-Time and Protest.

II. Calpine's Motion Is Extremely Untimely

Calpine has filed its Motion for Leave to Intervene
Out-Of-Time and Protest (Late Motion) almost four months
beyond the date established by the Commission for
Interventions and Protests. In support of its request,
Calpine simply states that it only recently became aware of
changes to Western's Open Access Transmission Tariff
(OATT). In addition to the Commission's Notice of Filing
dated January 31, 2005, Western provided numerous forms of

notice to all of its customers, including Calpine, of Western's intention to revise the OATT.

Western published a notice in the Federal Register on October 22, 2004 announcing its OATT revision process and provided the general public with notice of a public meeting soliciting comments. 69 Fed. Reg. 62,041 (October 22, 2004). Western also provided actual notice to Calpine of both the comment process as well as the actual filing with the Commission. Western notified Calpine three times of its comment process alone. The first notice was a postcard Western sent on October 22, 2004 notifying Calpine and all interested parties that Western was revising its OATT. The second occurred when Western sent an email to a Calpine representative on November 12, 2004, and the third occasion was through a letter on the same date. All of this correspondence informed Calpine of the availability of a proposed revised OATT and an opportunity to comment.

Upon filing the revisions to its OATT, Western provided Calpine with two different notices of this filing. First, Western's Desert Southwest Region sent a letter to Calpine and all interested parties in the first week of February indicating Western had filed a revised OATT with the Commission. Second, Western's Sierra Nevada Region

sent a letter and included a copy of its revised OATT to Calpine on April 7, 2005. Copies of the notices on the informal comment process as well as the formal filing are included as Attachment A.

Calpine has provided no support for its claim that it only recently became aware of the contents of Western's filing. Nor has Calpine sufficiently demonstrated why it should be allowed to protest Western's filing at this late date. Simply failing to read the information it was provided or to become engaged in Western's process for over eight months, despite adequate and timely notice, does not support a granting of its Late Motion.

For Calpine to state that it only recently became aware of Western's OATT revision process is disingenuous. As demonstrated above, Calpine was provided both constructive notice through publication in the Federal Register as well as actual notice on multiple occasions. Western notified Calpine above and beyond the notice normally provided to parties in Commission proceedings. To allow Calpine to protest Western's fling after this extended delay because it only recently became aware of Western's revisions, discounts Western's process and the Commission's regulations. Decision-making needs to occur

in a timely manner. This enables all parties to have some certainty and expectation that all parties will adhere to the same rules. Therefore, Calpine's Motion for Leave to Intervene and Protest should be denied or in the alternative it should be granted party status but its protest should be denied for raising substantive issues well outside the time period Western could have reasonably been expected to address them.

III. Western's OATT Change Incorporates Pro Forma Language and is Comparable

Calpine's Late Motion asserts that Western must retain the termination language previously found in Attachment J, section 1.0 of Western's OATT, which was language Western added beyond what was necessary in the Commission's Order 888 pro forma tariff. Western's elimination of this language reflects the original pro forma language and will not impact Western's commitment to treat all parties comparably.

A. Calpine's Protest Would Require Western to Offer Terms and Conditions Beyond Pro Forma Tariff Requirements.

At the time Western filed its original OATT, it had not developed separate rates for transmission and ancillary services. At that time, Western took a conservative approach and incorporated many of its historical contract provisions it thought might be applicable for providing service under the OATT. The Change of Rates language in Attachment J, section 1.0 was one of these provisions.

Since the time of its original filing, Western has developed formula transmission rates and has decided to remove language from Attachment J, section 1.0. The language that has been removed from Attachment J in the revised OATT clarifies that Western does not consider an annual update of its formula rate a change of rates that could trigger a transmission customer's right to terminate service under the previous Attachment J, section 1.0 language.

Western is only required to demonstrate that a change is equal to or superior to the pro forma tariff if a change

Municipal Power Agency and United States Department of

Energy - Western Area Power Administration, 99 FERC

¶61,062, 61,296 (2002). Western's change in Attachment J,
section 1.0 removes a term from Western's OATT that was
beyond the requirements of the Commission's pro form
tariff. Western should not be held to a different standard
merely because it included language that was different than
the pro forma provisions in its initial OATT.

Finally, Western believes that removing the language from Attachment J, section 1.0 does benefit transmission customers as a whole. By providing certainty that an individual transmission customer will not be able to terminate service early, the remaining transmission customers will have rate certainty through inclusion of this revenue in the transmission rate calculation.

Calpine argues with Western's position by stating that Western has never offered to construct facilities at its cost to provide transmission service to Calpine. The payment of construction costs necessary for new transmission facilities is a very fact specific endeavor. However, while Calpine may have been directly assigned payment for costs attributable to its transmission service

requests, Western has certainly made transmission system improvements that were not directly assigned. The costs of these additions necessary to provide transmission service are included in Western's revenue requirement and paid by all transmission customers. Should a customer request early termination under the prior language in Attachment J, section 1.0, the remaining transmission customers would be responsible for paying a greater share of the costs associated with those facilities.

B. Calpine Is Protected By Commission Review Of Western's Rates In Accordance With Federal law

As noted by Calpine, Western is not subject to the Commission's just and reasonable ratemaking requirements under section 205 of the Federal Power Act, 16 U.S.C. § 824d. However, Western does submit its rates for review and approval by the Commission consistent with existing statute, regulation, and Department of Energy policy.

Calpine receives a "guarantee" it is receiving just and reasonable rates when taking service from public utilities. When Calpine purchases transmission service from Western, it receives service at rates that are the lowest possible consistent with sound business principles

and existing Federal law. Calpine receives all the rate protection it is entitled to in accordance with this standard under existing Federal law. This protection exists irrespective of the term included in Western's original OATT under Attachment J, section 1.0. Removal of this language does not eliminate Calpine's ability to protect itself against excessive rates.

To meet its statutory obligation and provide rates that are the lowest possible consistent with sound business principles, Western develops its rates pursuant to the Department of Energy Organization Act, 42 U.S.C. § 7101, the Reclamation Act of 1902, 43 U.S.C. § 371, the Flood Control Act of 1944, 16 U.C.C. § 825(s), and Acts amendatory or supplementary thereof, as well as the regulations found at 10 C.F.R. Part 903 and Department of Energy Delegation Order No. 00-037.00.

In fact, Calpine is afforded greater opportunity for notice and comment in Western's rate making process than that afforded to them under a public utilities process pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d(d). The process Western's Administrator follows to develop its transmission rates is defined in 10 C.F.R. Part 903. Western holds informal information meetings, formal

information forums, and formal comment forums before it files rates with the Commission. Once it files rates with the Commission, interested parties are provided an additional opportunity to intervene and protest the rate filing. Calpine can engage in any of these steps to have a say in the rates Western charges for transmission service.

C. Western's Revised OATT Is Comparable and Non-discriminatory

Calpine alleges that Western's revised OATT is not comparable and is discriminatory because Western has retained language in Attachment A, section 14.0 while making a clarification in Attachment J, section 1.0. While each section does address termination, they do not provide equivalent rights. To argue that eliminating language in Attachment J, section 1.0 and retaining the remaining language renders Western's OATT discriminatory ignores the language and intent behind the language used in Attachment A, section 14.0.

¹ The identical Independent System Operator language is also included in Attachment B, section 13.0 and Attachment F, section 11.0. For purposes of completeness, all discussion of Attachment A, section 14.0 should also apply to these sections.

Attachment A, section 14.0 is titled "Independent System Operator." This language was approved by the Commission with Western's initial OATT filing. Missouri Basin Municipal Power Agency and United States Department of Energy - Western Area Power Administration, 99 FERC [61,062 (2002). The purpose of this provision is to allow Western to efficiently transfer its obligations to provide OATT transmission service to an independent system operator, if Western were to join such an entity during the term of a service agreement. The language does not allow Western to relieve itself of an obligation to provide service because the costs of doing so increase, which is what the language in Attachment J, section 1.0 could allow a transmission customer to do.

The provision does not allow Western to alter its obligations under the OATT unless it joins an ISO.

Retaining the previous Attachment A, section 14.0 language is not warranted simply because Calpine believes it should have the right to terminate service when Western incorporates new yearly costs in its Commission approved formula rate. Should Western join an independent system operator and believe it is necessary to use the language in Attachment A, section 14.0, Western would treat its

merchant's use of transmission under the OATT in a similar and comparable manner.

IV. CONCLUSION

Western respectfully requests that the Commission grant its Motion for Leave to file this answer and further that it deny Calpine's Late Motion to Intervene and/or its Protest for the reasons stated herein, or in the alternative rule that removal of language in Attachment A, section 14.0 is not discriminatory and that Western's revised OATT is an acceptable reciprocity tariff.

Dated this 17th day of June, 2005.

Respectfully submitted,

Ronald J. Klinefelter

Office of General Counsel

Western Area Power Administration

(720) 962-7010 (voice)

(720) 962-7009 (fax)

klinefel@wapa.gov

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Lakewood, Colorado, this 17th day of June, 2005.

3v:

Rosemarie Rodriguez () ()
Office of General Counsel

Western Area Power Administration

P.O. Box 281213

Lakewood, CO 80228-8213 (720) 962-7010 (voice)

(720) 962-7009 (fax)

ATTACHMENT A

Western to update its Open Access Transmission Service Tariff

Western Area Power Administration is revising its Open Access Transmission Service Tariff to update certain provisions, adopt the principal features of FERC's Standard Large Generator Interconnection Procedures and Agreement and to make additional changes to further Western's mission and transmission marketing efforts.

We will hold an informal public meeting on Nov. 8 at 1 p.m., at the Radisson Denver Stapleton Plaza Hotel, 3333 Quebec Street, Denver, Colo., to explain the revisions we intend to adopt to our existing OATT. You can provide comments at that meeting or in writing as described in a *Federal Register* notice—expected to be published the week of Oct. 18—that announces an informal comment opportunity until Nov. 22. Comments will also be accepted via our Web site at http://www.wapa.gov/oatt.htm or an e-mail box called tariffcomments@wapa.gov. Western intends to consider comments before filing our revised tariff at FERC, and will post our responses to comments on this Web site.

ADMINISTRATION

For more information, contact Darrick Moe, Tariff Project Manager, at 605-882-7501 or Carolyn Hinkley, Corporate Communications, at 720-962-7053.

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MR. DAVID CONE MANAGER BROADVIEW WATER DISTRICT P O BOX 95 FIREBAUGH, CA 93622

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From:

John Delgado

To: @anaheim.net; @ladwp.com; @mwd.dst.ca.us; @ntua.com; @ocotillogoif.com; @pac.state.ca.us; @tontoapache.com; @ypit.com; abadag@efdsw.navfac.navy.mil; afinley@mwdH2o.com; akafarm@ctaz.com; akbopd5@aol.com; bbalzar@nevp.com; bcampbell@ci.burbank.ca.us, bcarnahan@scppa.org, bcyr@ahamacav.com; bjohnson@lc.usbr.gov, brapp@iidpower.com; btang@ci.azusa.ca.us, charles.wiese@hq.toua.net; chcid@qwest.net; chuber@ssvec.com; CMID12253@comcast.net; Cobpw@earthlink.Net; creda@qwest.net; cslocum@wellton-mohawk.org; dallan@ftmcdowell.org, dave.castillo@itcaonline.com, dave.plumb@cityofmesa.org; dbowers@duke-energy.com, dfarmer@pnm.com; dkimball@aepnet.org; dmason@scidd.com; dodsonmr@efdsw.navfac.navy.mil; doei@pascuayaquitribe.org; donpope@ycwua.org; downingjd@aol.com; dstephens@duke-energy.com; dwiggs@ladwp.com; eklinkner@cityofpasadena.net, eua@ak-chin.nsn.us; fales@ci.phoenixaz.us; feus1@cyberport.com; fmbarbera@iid.com; frank.mcrae@cityofmesa.org; fredoniatown@yahoo.com; gcaan@crc.nv.gov; gene andreas@srpmic_nsn gov; Gil.Tam@SCE.com, glangford@wellton-mohawk.org; gporter@sppc.com; grant@msidd.com; hermanTJlaffoon@yahoo.com; Hnguye@ladwp.Com; hohokam@c2i2 com; jack.nixon@yuma.army.mil; jbrhodes@ymidd.org; jcsandoval@iid.com; jerryr@pascuayaquitribe.org; jhsu@ci.azusa.ca.us; jims@mwdaz.com; jjw@krsaline.com; ilambeck@mwd.dst.ca.us; ilambeck@mwdh2o.com; jmeck@bwcdd.com; imstebbins@duke-energy.com; joe@powerauthority.org; john.li@luke.af.mil; jolko@ci.colton.ca.us; jstonehocker@apfc.com; kaifarms@earthlink.net; kbaughman@wellton-mohawk.org; kdmecham@gilaresources.com; krs@krsaline.com; lcpdno1@pioche.igate.com; lgard4@aol.com; Igold@lsgrrc.com; Ihuff@swtransco.coop; louh@valleyelectric.org; manager@gilanet.net; mblanco@calpine.com; melanie.ricker@edwards.af.mil; mhzeibak@pplmt.com; mpmichael@ieee.org; mrandall@daystar-consulting.com; mschwirtz@aepco.coop; mshiel@rothsteinlaw.com; mshort@navopache.org(...)

Date:

11/12/2004 1:51:44 PM

Subject:

Western Open Access Transmission Service Tariff (OATT) - Revision Effort

Desert Southwest Region Customers:

Please find attached a letter in pdf format advising you of the opportunity to comment on Western's effort to revise its OATT to include the Federal Energy Regulatory Commission's (FERC)Standard Large Generation Interconnection Procedures and Agreement, and to update the existing Tariff.

An informal public meeting was held in Denver, Colorado, on November 8, at the Radisson Stapleton Plaza, to explain the revisions Western intends to adopt in its existing Tariff and receive any written comments on this process.

The Federal Register Notice published on Friday, October 22, described the process Western is pursuing with regard to making these changes. Interested parties have until November 22, 2004, to comment on this process.

Western will receive comments on its Web site at http://www.wapa.gov/oatt.htm or at an email box called tariffcomments@wapa.gov. Western intends to consider comments before filing its revised tariff at FERC, and will post its responses to comments received on its Web site.

Sincerely, John Delgado DSW Lead Western OATT Revision Team Email: delgado@wapa.gov Phone: (602) 352-2660 Fax: (602) 352-2481



Department of Energy

Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

NOV 1 2 2004

Dear [DSW Customer]:

Western Area Power Administration is revising its Open Access Transmission Service Tariff (OATT or Tariff) to update certain provisions, adopt the principal features of FERC's Standard Large Generator Interconnection Procedures and Agreement, and to make additional changes to further Western's mission and transmission marketing efforts. As part of this process, Western held an informal public meeting on November 8, at the Radisson Stapleton Plaza hotel, 3333 Quebec Street, Denver, Colorado, to explain the revisions Western intends to adopt in its existing Tariff.

This is written to advise you of the opportunity to provide comments with regard to the proposed revisions as described in a Federal Register Notice, published on Friday, October 22. That Notice announced an informal comment opportunity until November 22. Comments will be accepted via our Web site at http:///www.wapa.gov/oatt.htm or an e-mail box called tariffcomments@wapa.gov. Western intends to consider comments before filing its revised tariff at FERC, and will post responses to comments received on this Web site.

For more information, contact John Delgado, Lead Transmission Business Unit, at 602-352-2260 or Ron Moulton, Regulatory & Restructuring Manager, Acting Transmission Planning Manager, at 602-352-2668.

Sincerely,

John Delgado, DSW

Western OATT Revision Team



Department of Energy

Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

Dear Transmission Customers and Interested Parties:

This is written to provide notice that, on January 25, 2005, Western Area Power Administration filed a revised Open Access Transmission Service Tariff (OATT) with the Federal Energy Regulatory Commission (FERC). This filing incorporates the Standard Large Generator Interconnection (LGI) Provisions and Agreement (LGIP and LGIA) into Western's Tariff in compliance with FERC LGI Orders, and updates certain provisions and makes additional changes to further Western's mission and transmission marketing efforts. An <u>effective date of February 25, 2005</u>, was requested in the filing.

The LGIP and LGIA documents introduce a number of changes to the current procedures for doing business. An example is the requirement to submit deposits with generator interconnection requests, pursuant to Section 3.3 of the LGIP. Other modifications made to Western's OATT include: increasing the transmission service request application fee to \$3,500 throughout Western, to reflect actual costs, and instituting the requirement for deposits in Sections 17.3 and 29.2 of the OATT, with requests for service with a term of one year or longer

We will be working with those entities that have prospective large generation projects in process to convert their requests to comply with the LGI provisions. Detailed information regarding Western's filing with FERC can be found at: http://www.wapa.gov/oatt.htm. If you have any questions or concerns, please contact: Nancy Whitson, (602) 605-2667, Nwhitson@wapa.gov; Paul Dux, (602) 605-2784, Pdux@wpapa.gov; or, John Delgado, (602) 605-2660, delgado@wapa.gov.

Sincerely,

John Delgado Transmission Business Unit, Lead Mr. Ronald C. Smith Bureau of Reclamation BCOO-4800 P.O. Box 61470 Boulder City, NV 89006-1470

Mr. Larry R. Dozier Central Arizona Water Conservation District P.O. Box 43020 Phoenix, AZ 85080-3020

Ms. Patricia Fulks Chandler Heights Citrus Irrigation District P.O. Box 9038 Chandler Heights, AZ 85227-9038

Mr. Thomas J. Ferry Citizens Communications Co. 2498 Airway Avenue Kingman, AZ 86401

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Mr. Gerald A. Lopez Colorado River Commission of Nevada 555 East Washington Avenue, STE 3100 Suite 3100 Las Vegas, NV 89101-1048 Michele A. Blanco, PE Calpine Power Company 4160 Dublin Blvd Dublin, CA 94568-3139

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Mr. Ernesto V. Ojeda Citizens Communication Company P.O. Box 280 Nogales, AZ 85628-0280

Mr. Frank McRae City of Mesa Utilities Department P O Box 1466 Mesa, AZ 85211-1466

Mr. Kenneth Mechem City of Safford Gila Resources 405 Discovery Park Boulevard Safford, AZ 85546-4203

Mr. George M. Caan Colorado River Commission of Nevada 555 East Washington Ave., Suite 3100 Las Vegas, NV 89101-1065

Mr. Thomas S. Martin Electrical District No. 2, Pinal County P.O. Box 548 Coolidge, AZ 85228 Mr. Duncan Brown Commercial Director Calpine Corporation 4160 Dublin Boulevard, Suite 150 Dublin, CA 94568-3139

Dear Mr. Brown:

The Calpine Corporation (Calpine) and the Western Area Power Administration (Western) are parties to Contract 99-SNR-00210, under which Calpine receives transmission service from Western subject to the terms and conditions of Western's Open Access Transmission Service Tariff (OATT). Western has recently completed a public process to update certain provisions of its OATT due to changes required by the Federal Energy Regulatory Commission (Commission). Enclosed is a copy of Western's OATT filed with the Commission. This revised OATT is now applicable to Contract 99-SNR-00210 with Western.

The OATT contains a number of modifications, including the addition of Attachment L, which is the standardized Large Generator Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement. It introduces a number of changes to the current procedures. For example, Customers will be required to submit deposits with generator interconnection requests under Section 3.3 of the LGIP. In addition, a number of other modifications were made to Western's OATT, including increasing the transmission service request application processing fee to \$3,500 across all Western Regions to reflect current costs and also restoring the deposit requirements in Sections 17.3 and 29.2 of the OATT for requests of 1-year duration or greater.

For information on all modifications made to the OATT, please visit Western's website at http://www.wapa.gov/transmission/oatt.htm. You may also contact Arun Sethi at (916) 353-4452 or asethi@wapa.gov with questions regarding the OATT modifications.

Sincerely,

ORIGINAL SIGNED BY

Darren Buck Power Operations Manager

Enclosure

bcc:

N4412, N4413